

THIS DISPOSITION IS NOT
CITABLE AS PRECEDENT OF THE TTAB

AUG 27, 98

U.S. DEPARTMENT OF COMMERCE
PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

Houston Downtown Management Corporation
v.
Marrot Communications, Inc.

Opposition No. 97,941
to application Serial No. 74/550,473
filed on July 18, 1994

W. Scott Brown of Vinson & Elkins for Houston Downtown
Management Corporation.

Alton W. Payne of Sroufe, Payne & Lundeen, L.L.P. for Marrot
Communications, Inc.

Before Cissel, Hanak and Hairston, Administrative Trademark
Judges.

Opinion by Hairston, Administrative Trademark Judge:

Marrot Communications, Inc. has filed an application to
register the mark reproduced below for "promoting business,
tourism and community events in the downtown area by means
of advertising and promotional services."¹



Opposition No. 97,941

Registration has been opposed by the Houston Downtown Management Corporation essentially on the ground that applicant is not the owner of the mark sought to be registered. In particular, opposer alleges that pursuant to an agreement between the parties, applicant was to create the mark and assign it to opposer.

Applicant, in its answer, denies the allegations of the notice of opposition. Applicant went on to make numerous factual allegations which amplified the denial of the allegations of the notice of opposition, including that the mark was not assigned to opposer because opposer failed to comply with the terms of the agreement, i.e., opposer failed to pay applicant in full for the services performed under the agreement; and that opposer's use of the mark has been as applicant's licensee. Further, applicant asserted the affirmative defenses of laches, acquiescence, and estoppel.

The record consists of the pleadings; the file of the involved application; opposer's notice of reliance on portions of the discovery deposition of applicant's president, Mark Philip Rothenberg; and the testimony deposition (with exhibits) of opposer's president, Robert M. Eury. Applicant did not attend the Eury deposition and

¹ Serial No. 74/550,473 filed July 18, 1994; asserting first use and first use in commerce on September 1, 1993. The words "DOWNTOWN" and "HOUSTON" are disclaimed.

applicant did not take testimony or offer any other evidence. Only opposer filed a brief on the case.

Opposer is a nonprofit governmental corporation, established in 1990 to promote the economic vitality and redevelopment of downtown Houston. As part of its efforts, opposer has worked to create a positive public image of the downtown Houston area through the development of an image campaign. In 1993 opposer solicited proposals from over fifty regional public relations firms to assist in the design and development of an image campaign for downtown Houston. According to opposer's president, Mr. Eury, applicant was one of four finalists, each of whom was paid \$2000 to "actually do the creative work to come up with the--gist of an image campaign . . . whether it be a slogan, or a logo, or a look, or whatever it might be . . .

(Deposition, pp. 24-25). In July 1993 the finalists presented to opposer their respective proposals and themes for the image campaign. According to opposer's witness, Mr. Eury, applicant, in its proposal, offered to provide an estimated \$36,000 worth of services, including the image campaign logo, i.e., the involved mark at no charge. Following these presentations by the finalists, opposer selected applicant to develop the image campaign. Opposer and applicant then entered negotiations for a final agreement. According to Mr. Eury, during these

negotiations, opposer made it clear to applicant that the term of the agreement was for a period of only one year and that opposer's ownership of the mark was critical as opposer planned to encourage any and all allied organizations, businesses and entities to adopt and liberally use the mark to promote the theme of the image campaign. The parties signed the agreement on October 29, 1993.

Exhibit 5 is a copy of the agreement and the relevant section thereof provides as follows:

Usage Rights.

Marrot Communications hereby grants and assigns all right, title and interest in and to the Creative Works developed by Marrot and accepted for use by Client for the Image Campaign and/or Downtown, the Capital of Houston™ in the geographic area known as the Houston/Galveston ADI is [is] transferred and conveyed to Houston Downtown Management Corp. (hereinafter referred to as Client) to Client (upon applicable payment in full); however, if Client ceases to exist or funds are not appropriated by the City of Houston or is dissolved or does not use the aforementioned, defined applicable Creative

Works for any twelve (12) month period, all right, title and interest reverts in total to Marrot Communications. Search and registration fees not included.

In September 1993 opposer began use of the mark to promote downtown Houston and to develop and encourage civic pride. For the remainder of 1993 and during the majority of 1994 opposer spent approximately \$200,000 in promoting the

mark and campaign. Opposer used the mark extensively in publications, promotional materials, press releases and news articles. Opposer was the recipient of a state award for the success of the image campaign and the publicity associated with the mark.

In the summer of 1994, after reviewing its budget projections for the year, opposer held discussions with applicant about changing the nature of the parties' relationship to a project-by-project basis. It was around this time that applicant filed the involved application. In the application, applicant alleged use of the mark as early as September 1, 1993. Further, applicant acknowledged use of the mark by opposer but stated that such use was as a licensee and that all such use inured to the benefit of applicant.

Turning then to the question of ownership of the involved mark, it is opposer's position that it is the owner of the mark by virtue of its extensive use thereof, and that its use of the mark was not as a licensee of applicant. Further, opposer maintains that if applicant had any rights in the mark, those rights have been assigned to opposer because applicant has been paid in full for the services it performed under the agreement.

At the outset, we note that there is no evidence that applicant itself has used the mark sought to be registered.

Also, while applicant, in its answer, sets forth what it maintains is a section in the parties' agreement which implies that opposer's use of the mark was as applicant's licensee, applicant did not make this purported section of record and took no testimony with respect thereto.²

The only relevant section of the parties' agreement which is properly before us is that denominated "Usage Rights" which is set forth above. While applicant also contends, in its answer, that opposer failed to pay applicant in full, there is nothing in this record to support applicant's contention since applicant offered no evidence and took no testimony herein. Rather, the only evidence we have on this point is that made of record by opposer. In this regard, both opposer's president, Mr. Eury, in his testimony deposition and applicant's president, Mr. Rothenberg, in his discovery deposition, testified that opposer made all applicable payments as required by the agreement.

Ownership of a service mark is acquired through its adoption and use in accordance with the rendering of services. See 2 J. T. McCarthy, McCarthy on Trademarks and Unfair Competition §16:4 (4th ed. 1998) and cases cited therein. As indicated above, there is no evidence that applicant itself used the mark involved in connection with

² We should note that no such section was included in the copy of

the identified services. Moreover, there is no evidence that opposer's use of the mark was as applicant's licensee such that use of the mark would inure to applicant. Finally, to the extent that applicant had any rights in DOWNTOWN THE CAPITAL OF HOUSTON and design, it appears that such rights were transferred to opposer since the evidence of record does support opposer's position that it paid applicant in full for services performed under the agreement.

Under the circumstances, we can find no basis upon which applicant may assert ownership of the mark sought to be registered. As for applicant's affirmative defenses of laches, estoppel and acquiescence, applicant failed to prove any of the elements of these defenses.

Decision: The opposition is sustained.³

the agreement made of record by opposer.

³ We note opposer's request in its brief that the Board "rectify the register," i.e., amend the involved application to substitute opposer as the applicant. Opposer's request is not well-taken because applicant had no basis for its assertion of ownership of the mark, and the application is void ab initio. See Trademark Manual of Examining Procedure, Section 802.06.

R. F. Cissel

E. W. Hanak

P. T. Hairston
Administrative Trademark
Judges, Trademark Trial
and Appeal Board